

# **State of Alaska FY2010 Governor's Operating Budget**

## **Department of Health and Social Services Departmental Support Services Results Delivery Unit Budget Summary**

## Departmental Support Services Results Delivery Unit

### Contribution to Department's Mission

Provide quality administrative services in support of the Department's mission.

### Core Services

- Provide Divisions with necessary information to improve compliance with federal and state laws/policies to ensure our fiduciary responsibilities are met.
- Improve DHSS staff knowledge and skills and maintain high morale to continually improve performance and services for Alaskans.
- Promote cost containment. Maximize revenue.
- Provide efficient centralized administrative support to nine DHSS Divisions across offices in Juneau and Anchorage.

End Result	Strategies to Achieve End Result
<p><b>A: Facilitate the department's mission through superior (effective and efficient) delivery of administrative services.</b></p> <p><u>Target #1:</u> The Department of Health and Social Services (DHSS) administration as a percentage of department overhead should be below 2%.</p> <p><u>Status #1:</u> DHSS administration overhead costs have met the goal of being under 2% in each of the last four years (FY05 - FY08).</p> <p><u>Target #2:</u> Process capital grant payments within five days.</p> <p><u>Status #2:</u> In FY07 and 08 the department initiated internal changes in the payment request process. These efficiencies allowed us to exceed our goal of a 5-day turnaround.</p>	
End Result	Strategies to Achieve End Result
<p><b>B: Improve overall management of DHSS budget processes.</b></p> <p><u>Target #1:</u> Improve legislative understanding of the DHSS budget.</p> <p><u>Status #1:</u> In the most recent years (since FY04) response times to legislative requests have met or exceeded the 80% goal of responding to legislative inquiries within five working days.</p>	
End Result	Strategies to Achieve End Result
<p><b>C: Facilitate the department's day-to-day operations through effective and efficient delivery of services.</b></p>	

**Target #1:** Reduce the length of time and number of days to respond and close out service calls.  
**Status #1:** During FY08, IT struggled to provide timely response to service calls due to the increased number of applications, increased customers outside HSS and reliance on another department due to email migration.

**Target #2:** 85% of construction projects completed on time and within budget.  
**Status #2:** Due to a change in the method for managing construction contracts, twice as many projects were completed in FY08 as the previous year.

### FY2010 Resources Allocated to Achieve Results

**FY2010 Results Delivery Unit Budget: \$48,870,300**

**Personnel:**

Full time	274
Part time	1
<b>Total</b>	<b>275</b>

## Performance

### A: Result - Facilitate the department's mission through superior (effective and efficient) delivery of administrative services.

**Target #1:** The Department of Health and Social Services (DHSS) administration as a percentage of department overhead should be below 2%.

**Status #1:** DHSS administration overhead costs have met the goal of being under 2% in each of the last four years (FY05 - FY08).

#### Percentage administration personal services is to total department FY budget

Year	YTD Total
2008	1.6%
2007	1.6%
2006	1.4%
2005	1.3%
2004	4.3%
2003	3.6%

**Analysis of results and challenges:** It is the goal of the Department of Health and Social Services (DHSS) to keep administrative costs as low as practicable.

Department administration personnel services equal all of Department Support Services RDU. This number is compared to the total DHSS expenditures. This is done once a year after the year is completed.

**Target #2:** Process capital grant payments within five days.

**Status #2:** In FY07 and 08 the department initiated internal changes in the payment request process. These efficiencies allowed us to exceed our goal of a 5-day turnaround.

**Number of days to process a grant payment after receiving reports.**

Fiscal Year	YTD Total
FY 2008	1.50 days
FY 2007	1.50 days
FY 2006	3.36 days
FY 2005	3.11 days
FY 2004	4.89 days
FY 2003	5.60 days

**Analysis of results and challenges:** In FY06, there were 93 capital grant payments, all processing within five days. In FY07, there were 101 capital grant payments, all processing within five days. In FY08 there were 131 capital grant payments, all processing within five days.

**B: Result - Improve overall management of DHSS budget processes.**

**Target #1:** Improve legislative understanding of the DHSS budget.

**Status #1:** In the most recent years (since FY04) response times to legislative requests have met or exceeded the 80% goal of responding to legislative inquiries within five working days.

**% of Responses for Legislative Requests made within five working days**

Fiscal Year	YTD Total
FY 2008	79%
FY 2007	72%
FY 2006	80%
FY 2005	79%
FY 2004	78%
FY 2003	83%
FY 2002	83%

**Analysis of results and challenges:** It is important that policy makers working on key budget issues get their information timely in order to make decisions regarding the DHSS budget.

The budget section received approximately 147 requests in CY 2003, 186 in CY 2004 and 236 in FY 2005.

In previous years (2002 to 2004) the data was reported by calendar year, but starting in (2005) the data is collected by fiscal year. The average processing time for the 179 requests in FY 2006 was 3.52 days. 80% were completed within five working days.

In FY 2007, the number of requests increased to 191, and there were a number of complex requests that required a week or more to complete, resulting in an overall increase to the average number of days to respond. With the increased processing time and increased number of requests, the budget section still averaged a 4.16-day turnaround in responding to legislative budget requests even though the percentage of those responded to within five working days went down.

In FY08 requests dropped to 148, largely due to the reduced session time of 90 days. The average processing time also dropped to 3.9 working days with 118 of the requests receiving responses in less than 5 days.

## C: Result - Facilitate the department's day-to-day operations through effective and efficient delivery of services.

**Target #1:** Reduce the length of time and number of days to respond and close out service calls.

**Status #1:** During FY08, IT struggled to provide timely response to service calls due to the increased number of applications, increased customers outside HSS and reliance on another department due to email migration.

### Average Number of Days to Complete Service

Fiscal Year	YTD Total
FY 2008	9.9 days
FY 2007	7.1 days
FY 2006	4.9 days
FY 2005	8.2 days

*Methodology: FY 2005 data represents only 3 quarters. This measure began at the start of the 2nd quarter. FY 2006, FY 2007 and FY2008 contain a full year.*

**Analysis of results and challenges:** In late FY07, the tool used for measuring performance underwent restructuring and categories measured increased from 13 to 26. Examples of these categories are, but not limited to: setting up accounts, application work, password setup, procurement of equipment, relocation of equipment, security, training, software/web/hardware or file maintenance.

During FY08, ten new applications activated, including applications which incorporated additional customers from outside of the department. Without additional IT support staff, FY08 support incorporated an increase of customers and additional support requirements.

At the beginning of FY08, DHSS migrated from our internal Exchange email system to the Enterprise Exchange email. During this timeframe, customer call resolution response time increased due to the required interaction with staff outside our department and their response time. The number of days required to create or modify email accounts has increased from 3 days to approximately 7 days.

In addition, FY08 also saw an increase in long-term security and training projects. When customer service staff was committed to these projects, some delays resulted in routine service call response time.

**Target #2:** 85% of construction projects completed on time and within budget.

**Status #2:** Due to a change in the method for managing construction contracts, twice as many projects were completed in FY08 as the previous year.

### Percent of Completed Construction Projects On Time and Within Budget.

Fiscal Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Total
FY 2008	70%	83%	63%	81%	74.25%
FY 2007	64%	56%	78%	80%	73.00%
FY 2006	100%	100%	56%	85%	85.25%

**Analysis of results and challenges:** The Department began tracking construction projects in FY06.

In FY08 the department completed 81 projects, 65 of which were completed on time and 76 within budget. Twice as many projects were completed as in FY07. This is due to a change made in the method used internally for construction contract management. Changes made have increased performance, consistency, and quality of work.

## Key RDU Challenges

The following are key challenges:

- Recruitment and retention are issues with all units. It is difficult to hire and keep staff in many job classes, as

indicated by an average vacancy rate of 20%.

- Implementing additional enhancements to eGrants.
- Continuing improvements to revenue systems including MaxCars and timely reporting.
- The federal Center for Medicare and Medicaid Services (CMS) is reviewing School-Based Medicaid Administrative claiming across America. Changes to that program could negatively impact program financing.
- Capital costs continue to increase due to high cost of materials. Continuing to manage projects successfully in this environment is difficult.
- Managing changes to keep current with rapidly changing technology without identified funding for equipment upgrades continues to stress existing resources.

### Significant Changes in Results to be Delivered in FY2010

The Department of Health and Social Services consolidated administrative functions into a centralized unit beginning in FY2005. Over the last year, management has determined that the consolidation did not achieve the desired results and that the positions should be returned to the originating divisions. A total of 78 administrative staff positions will be transferred out from Administrative Support Services to the originating line divisions in the FY2010 Governor's Budget.

### Major RDU Accomplishments in 2008

- DHSS administration overhead costs have been under 2% for the last four years.
- The department initiated internal changes to the payment request process, reducing turn-around time to within five days.
- At least 80% of the time, responses to legislative requests for information were issued within the target five-day window.
- Twice as many construction projects were completed in FY2008 as in FY2007.
- Re-engineered the department website of over 18,000 pages to make it more accessible to Alaskans with special needs and comply with federal accessibility guidelines.
- Developed processes, performed provider training and prepared department staff for the Payment Error Rate Measurement audit of the Medicaid and SCHIP program.
- Completed the update of the long-term Medicaid Enrollment and Spending in Alaska (MESA) forecast which projected a slightly lower growth rate in 20 years than the original forecast. The lower growth rate reflects policy changes first implemented in 2004 to control costs.
- Successfully completed the first 90-day legislative session, meeting all deadlines and maintaining response time to information requests.
- Processed approximately 97,446 financial transactions for FY2008. This total includes all types of financial transactions (vendors, warrants, encumbrances, inter-agency billings, adjusting journal entries, etc.).
- Grantees submitted quarterly fiscal reports electronically, through eGrants beginning first quarter FY2008.
- Reconciled and settled 485 department grants and recovered \$490,000 of unexpended and/or mis-expended grant funds.
- Received approval of the new Cost Allocation Plan by the federal Division of Cost Allocation.
- Received 1,152 requests for fair hearings, held 129 hearings and issued 103 hearing decisions.
- Currently 44 school districts in Alaska have signed agreements with DHSS to participate in Medicaid School-Based Claiming. This represents over 95% of all school-age children in Alaska.
- The ability to address security as a department instead of small Information Technology (IT) groups has allowed DHSS to resolve attacks and security events, which have become increasingly complex, in a more efficient manner. The State Security Office now gives high ratings to DHSS' Department Security Office and IT Services-wide security efforts.
- Completed a Safety and Security Assessment plan of the Department's four oldest youth facilities. This plan provides a road map to support securing funding in the amount of \$90 million over the next six years to address facility deficiencies identified in this plan.
- 17 major facility projects completed and 24 major facility projects are new or ongoing. The Facilities section

- manages numerous projects that are not considered major and are not included in this statistic.
- Established the Information Technology Security Office which focuses on ensuring compliance with State Security Office policies and federal regulatory responsibilities under HIPAA for privacy and security.

Contact Information
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**Departmental Support Services  
RDU Financial Summary by Component**

*All dollars shown in thousands*

	FY2008 Actuals				FY2009 Management Plan				FY2010 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
<b>Formula Expenditures</b>												
Medicaid	0.0	7,772.4	0.0	7,772.4	0.0	6,243.8	0.0	6,243.8	0.0	6,243.8	0.0	6,243.8
School Based Admin Clms												
<b>Non-Formula Expenditures</b>												
Public Affairs	0.0	0.0	0.0	0.0	438.8	1,058.8	339.9	1,837.5	467.5	1,135.6	357.0	1,960.1
Quality Assurance and Audit	0.0	0.0	0.0	0.0	570.7	558.5	0.0	1,129.2	597.7	576.9	0.0	1,174.6
Unallocated Reduction	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commissioner's Office	594.5	184.5	576.2	1,355.2	544.4	464.2	881.0	1,889.6	623.6	415.0	1,214.2	2,252.8
Office of Program Review	1,386.0	815.4	78.1	2,279.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rate Review	638.9	551.3	0.0	1,190.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Health Planning & Infrastructure	634.5	1,587.4	182.8	2,404.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ofc/Faith Based&Comm Initiatives	697.1	194.3	0.0	891.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assessment and Planning	123.3	26.1	0.0	149.4	125.0	125.0	0.0	250.0	125.0	125.0	0.0	250.0
Administrative Support Svcs	3,878.6	6,175.6	3,410.6	13,464.8	6,704.4	7,506.1	1,937.2	16,147.7	4,212.1	4,965.3	830.8	10,008.2
Hearings and Appeals	305.8	203.8	0.0	509.6	579.7	170.7	0.0	750.4	590.2	174.0	0.0	764.2
Facilities Management	21.2	42.5	829.2	892.9	0.0	119.4	1,076.0	1,195.4	0.0	125.2	1,117.6	1,242.8
Information Technology Services	8,118.8	5,304.7	1,204.6	14,628.1	6,156.9	7,647.1	1,419.3	15,223.3	6,304.7	7,818.4	1,450.6	15,573.7

**Departmental Support Services  
RDU Financial Summary by Component**

*All dollars shown in thousands*

	FY2008 Actuals				FY2009 Management Plan				FY2010 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Facilities Maintenance	0.0	0.0	0.0	0.0	0.0	0.0	2,454.9	2,454.9	0.0	0.0	2,454.9	2,454.9
Pioneers' Homes	0.0	0.0	0.0	0.0	0.0	0.0	2,125.0	2,125.0	0.0	0.0	2,125.0	2,125.0
Facilities Maint												
HSS State Facilities Rent	4,253.4	455.7	0.0	4,709.1	4,581.9	425.6	79.3	5,086.8	4,315.3	425.6	79.3	4,820.2
<b>Totals</b>	<b>20,652.1</b>	<b>23,313.7</b>	<b>6,281.5</b>	<b>50,247.3</b>	<b>19,701.8</b>	<b>24,319.2</b>	<b>10,312.6</b>	<b>54,333.6</b>	<b>17,236.1</b>	<b>22,004.8</b>	<b>9,629.4</b>	<b>48,870.3</b>

**Departmental Support Services  
Summary of RDU Budget Changes by Component  
From FY2009 Management Plan to FY2010 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2009 Management Plan</b>	<b>19,701.8</b>	<b>24,319.2</b>	<b>10,312.6</b>	<b>54,333.6</b>
<b>Adjustments which will continue current level of service:</b>				
-Public Affairs	28.7	76.8	17.1	122.6
-Quality Assurance and Audit	27.0	18.4	0.0	45.4
-Commissioner's Office	-20.8	-49.2	-10.7	-80.7
-Administrative Support Svcs	-2,492.3	-2,540.8	-1,106.4	-6,139.5
-Hearings and Appeals	10.5	3.3	0.0	13.8
-Facilities Management	0.0	5.8	41.6	47.4
-Information Technology Services	147.8	171.3	31.3	350.4
-HSS State Facilities Rent	-266.6	0.0	0.0	-266.6
<b>Proposed budget increases:</b>				
-Commissioner's Office	100.0	0.0	343.9	443.9
<b>FY2010 Governor</b>	<b>17,236.1</b>	<b>22,004.8</b>	<b>9,629.4</b>	<b>48,870.3</b>